

## Message Text

UNCLASSIFIED

PAGE 01 OTTAWA 01500 242021Z

63

ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07

L-02 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15

AID-05 COME-00 EB-07 FRB-01 TRSE-00 XMB-04 OPIC-06

CIEP-02 LAB-04 SIL-01 OMB-01 TAR-01 STR-04 CEA-01

/114 W

----- 032982

R 241950Z APR 75

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 6239

INFO USDEL MTN GENEVA

AMCONSUL MONTREAL UNN

AMCONSUL TORONTO UNN

UNCLAS OTTAWA 1500

EO 11652 NA

TAGS EIND ETRD CA

SUBJ REMISSION OF IMPORT DUTIES ON AUTOMOBILES WITH CANADIAN PARTS

1. OTTAWA CITIZEN REPORT OF APRIL 23 (CONFIRMED BY INDUSTRY, TRADE AND COMMERCE DEPARTMENT OFFICIAL) STATES THAT MINISTER GILLESPIE IS SEEKING CABINET APPROVAL FOR "MORE GENEROUS" MEASURES FOR REMISSION OF IMPORT DUTIES ON CARS THAT USE CANADIAN-MADE PARTS. ACCORDING TO PRESS ACCOUNT, MINISTER'S REQUEST FOR SUCH MEASURES IS IN RESPONSE TO AUTO PARTS AND ACCESSORIES INDUSTRY WHICH IS INCREASINGLY VOCALLY CONCERNED ABOUT 1974 TRADE DEFICITS IN PARTS OF C\$2.05 BILLION WITH THE U.S. AND \$484 MILLION IN TRADE WITH OTHER COUNTRIES.

2. AT PRESENT, GOC ORDERS-IN-COUNCIL EXTEND SUCH DUTY REMISSIONS ONLY TO GERMANY (VOLKSWAGEN) AND JAPAN (NISSAN MOTORS) AND ARE ALLOWABLE ONLY ON CANADIAN PARTS, BOUGHT BY THESE COMPANIES AND WHICH ARE CLEARLY IDENTIFIABLE WHEN THE ASSEMBLED VEHICLES ARE SHIPPED BACK TO CANADA.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 OTTAWA 01500 242021Z

3. UNDER NW PROPOSAL, DUTY REMISSION PLAN WOULD BE EXTENDED TO ANY FOREIGN AUTO MANUFACTURER AND THESE COMPANIES WOULD NOT BE REQUIRED TO SEND ALL THE PARTS THEY PURCHASE BACK TO CANADA IN ASSEMBLED AUTOS. INSTEAD, THEY COULD USE THEM FOR THEIR AUTOS SHIPPED TO ANY MARKET BUT COULD ONLY CLAIM REDUCED IMPORT DUTY (CURRENTLY 15 PERCENT WITH AN ADDITIONAL 12 PERCENT FEDERAL ALES TAX LEVIED ON DUTY-PAID VALUE) UP TO THE VALUE OF WHAT POTENTIALLY COULD BE EXPORTED TO CANADA. AS EXAMPLE, FOREIGN AUTOMAKER PURCHASING 20,000 CANADIAN-MADE STEERING WHEELS COULD CLAIM DUTY REMISSIONS FOR ONLY HALF THAT NUMBER IF IT SHIPS ONLY 10,000 CARS ANNUALLY TO CANADA.

4. EMBASSY COMMENT: ITC OFFICIAL TOLD EMBOFF THT WHILE GOC WOULD HOPE PROPOSAL WOULD LEAD TO GREATER SALES OF PARTS TO FOREIGN MANUFACTURERS, ANY ESTIMATES OF LIKELY ECONOMIC BENEFITS ARE PURE CONJECTURE AT BEST AND EXPERIENCE TO DATE WITH VOLKSWAGEN AND NISSAN HAS NOT BEEN VERY SIGNIFICANT. IN LINE WITH THIS, TORONTO VOLKSWAGEN SPOKESMAN IS QUOTED AS SAYING THAT PARTS PURCHASES AMOUNT TO ONLY ABOUT \$3.5 MILLION YEARLY AND HAVE BEEN DECLINING AND THE AUTOMOTIVE PARTS MANUFACTURERS ASSOCIATION OF CANADA HAS ALSO REPORTEDLY EXPRESSED SKEPTICISM ABOUT THE EFFECTIVENESS OF THE NEW PROPOSAL.

5. IN FURTHER DISCUSSION RE POSSIBLE EXPORT SUBSIDY ASPECTS OF THIS MATTER WITH ANOTHER ITC OFFICIAL, EMBOFF WAS TOLD THAT PROPOSAL WAS AKIN TO U.S. "SUBSTITUTION FOR DRAWBACK". EMBASSY BELIEVES DEPARTMENT MAY WISH TO EXAMINE THIS MATTER AND ADVISE EMBASSY IF IT PERCEIVES ANY PROBLEMS OR IMPLICATIONS FOR U. S. IN CANADIAN PROPOSAL.  
PORTER

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CUSTOMS DUTIES, SPARE PARTS, AUTOMOBILES, EXPORT SUBSIDIES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 24 APR 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975OTTAWA01500  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750145-0065  
**From:** OTTAWA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750420/aaaaasxg.tel  
**Line Count:** 97  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ShawDG  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 08 JUL 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <08 JUL 2003 by SilvaL0>; APPROVED <03 FEB 2004 by ShawDG>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** REMISSION OF IMPORT DUTIES ON AUTOMOBILES WITH CANADIAN PARTS  
**TAGS:** EIND, ETRD, CA, US  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006